

1 James C. Shah (SBN 260435)  
2 **SHEPHERD, FINKELMAN, MILLER**  
3 **& SHAH, LLP**  
4 35 E State Street  
5 Media, PA 19063  
6 Phone: (610) 891-9880  
7 Fax: (866) 300-7367  
8 [jshah@sfmslaw.com](mailto:jshah@sfmslaw.com)

*Attorneys for Defendants*  
*Careful Shopper, LLC*  
*Adam Starke and Sora Starke*

9  
10 **UNITED STATES DISTRICT COURT**  
11 **CENTRAL DISTRICT OF CALIFORNIA**

12 TP-LINK CORPORATION,

13 Plaintiff,

14 vs.

15 CAREFUL SHOPPER, LLC, ADAM  
16 J. STARKE and SORA STARKE,

17 Defendants.  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Case No.: 8:19-CV-00082-JLS-KES

**DEFENDANTS' NOTICE OF  
MOTION AND MOTION TO  
DISMISS, OR IN THE  
ALTERNATIVE, TRANSFER OR  
STAY THIS ACTION**

Hearing: Friday, May 17, 2019  
Time: 10:30 a.m.  
Judge: Hon. Josephine L. Staton  
Courtroom: 10A

Complaint Filed: January 15, 2019

**NOTICE OF MOTION**

**TO THE COURT AND ALL PARTIES OF RECORD:**

**PLEASE TAKE NOTICE THAT** on Friday, May 17, 2019 at 10:30 a.m. in a courtroom 10A , Defendants Careful Shopper LLC, Adam J. Starke and Sora Starke (“Defendants”) will and hereby do move the Court for dismissal, transfer, or stay of this action under the first-to-file rule or, alternatively, Rule 13(a) of the Federal Rules of Civil Procedure.

This motion is brought on the grounds, first, that a prior action involving substantially similar issues and parties was previously filed first in the United States District Court for the Eastern District of New York (“New York Action”). No good cause exists for refusing to follow the first-to-file rule, and, as a result, this action should be dismissed, transferred or stayed. Second, the claims raised in the Complaint should have been or should be pled as compulsory counterclaims in the New York Action. Rule 13(a) bars the assertion of claims in a new action that arose out of the transactions or occurrences that are the subject matter of the opposing party’s earlier-filed claim.

This motion is based upon this Notice of Motion and Motion; the Memorandum of Points and Authorities and exhibits; the Affidavit of Adam J. Starke; the Declaration of Mark Schlachet; and upon such other matters as may be presented to the Court at the time of the hearing.

This motion is made following a good faith effort to meet and confer with Plaintiff’s counsel. On March 25, 2018, and pursuant to this Court’s Standing Order, ¶8.b. and Local Rule 7-3, Defendants’ counsel emailed Plaintiff’s counsel outlining the grounds for Defendants’ instant motion to dismiss. Plaintiff responded in detail on March 29, 2019, to which Defendants responded at length. Finally, Plaintiff responded later on March 29, stating “[w]e believe both parties have fully articulated their positions through these meet and confer

1 communications,” with which observation Defendants agree.

2  
3 Dated: April 3, 2019

SHEPHERD, FINKELMAN, MILLER  
& SHAH LLP

4  
5 By: /s/ James C. Shah

6 James C. Shah (SBN 260435)

7 35 E State Street

8 Media, PA 19063

9 Phone: (610) 891-9880

10 Fax: (866) 300-7367

11 [jshah@sfmslaw.com](mailto:jshah@sfmslaw.com)

12 *Attorneys for Defendant Careful Shopper,*  
13 *LLC, Adam J. Starke and Sora Starke*  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**TABLE OF CONTENTS**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**I. FACTUAL BACKGROUND ..... 1**

    A. Events Just Prior to TP-Link’s Filing of the Instant Complaint ..... 3

    B. The Factual Basis of TP-Link’s Instant Complaint, Count I-VII ..... 4

    C. The Factual Basis of the Instant Complaint is Identical to the  
        Factual Basis of TP-Link’s Defenses in the New York Action..... 5

    D. TP-Link’s Claims Here and Its Defense in the New York  
        Action Must Overcome Contrary New York Law and  
        Second Circuit Precedent ..... 6

**II. ARGUMENT ..... 7**

    A. This Case Should be Dismissed or, in the Alternative,  
        Transferred or Stayed Under the First-to-File Rule..... 7

        1. Applicable Test ..... 8

        2. Application of the Applicable Test..... 8

    B. This Case Should be Dismissed or, in the Alternative,  
        Transferred or Stayed Under Rule 13(a) of the Federal Rules  
        of Civil Procedure ..... 10

        1. Applicable Test ..... 10

        2. Application of the Applicable Test..... 11

        3. TP-Link’s Claims All Arose Prior to  
            Commencement of this Action ..... 11

        4. Forum Shopping is Contrary to Good Policy and Should  
            Weigh Heavily ..... 12

**III. CONCLUSION ..... 13**

## **TABLE OF AUTHORITIES**

### ***Cases***

<i>Adoma v. Univ. of Phoenix, Inc.</i> , 711 F. Supp. 2d 1142 (E.D. Cal.) .....	8, 9
<i>Alltrade, Inc. v. Uniweld Prods.</i> , 946 F.2d 622 (9th Cir. 1991) .....	13
<i>AT &amp; T Corp. v. American Cash Card Corp.</i> , 184 F.R.D. 515 (1999).....	10
<i>Avante Int'l Tech., Inc. v. Hart Intercivic, Inc.</i> , 2009 U.S. Dist. LEXIS 79738, 2009 WL 2431993 .....	10
<i>Baker v. Gold Seal Liquors</i> , 417 U.S. 467 (1974).....	10
<i>Barnes &amp; Noble, Inc. v. LSI Corp.</i> , 823 F. Supp. 2d 980 (N.D. Cal. 2011).....	8
<i>Bell Canto Design, Ltd. v. MSS Hifi, Inc.</i> , 837 F. Supp. 2d 208 (S.D.N.Y. 2011) .....	5, 6, 7
<i>Careful Shopper, LLC v. TP-Link USA Corp.</i> , No. 1:18-cv-03019-RJD-RML (E.D.N.Y. 2018).....	1
<i>Cedars-Sinai Med. Ctr. v. Shalala</i> , 125 F.3d 765 (9th Cir. 1997) .....	8
<i>Critical-Vac Filtration Corp. v. Minuteman Intern. Inc.</i> , 233 F.3d 697 (2000).....	10
<i>Dewan v. M-I, L.L.C.</i> , 2015 WL 3797462 (E.D. Cal. 2015) .....	8
<i>Genentech v. Eli Lilly and Co.</i> , 998 F.2d 931 (Fed. Cir. 1993). .....	10
<i>In re Lazar</i> , 237 F.3d 967 (9th Cir. 2001) .....	11
<i>In re Pinkstaff</i> , 974 F.2d 113 (9th Cir. 1992) .....	10, 11
<i>Intersearch Worldwide, Ltd. v. Intersearch Grp., Inc.</i> , 544 F. Supp. 2d 949 (N.D. Cal. 2008).....	9
<i>Kohn Law Grp., Inc. v. Auto Parts Mfg. Miss., Inc.</i> , 787 F.3d 1237 (9th Cir. 2015) .....	9
<i>Leider v. Ralfe</i> , 387 F.Supp.2d 283 (S.D.N.Y. 2005) .....	7

1	<i>Location Servs., LLC v. Digital Recognition Network, Inc.</i> , 2018 U.S. Dist. LEXIS 138373 (E.D. CA 2018).....	1
2	<i>MGA Entm't, Inc. v. Mattel, Inc.</i> , 2012 U.S. Dist. LEXIS 22055 .....	11, 12
3		
4	<i>Mitchell v. CB Richard Ellis Long Term Disability Plan</i> , 611 F.3d 1192 (9th Cir. 2010) .....	10
5	<i>Mophie, Inc. v. ABM Wireless, Inc.</i> , 2015 U.S. Dist. LEXIS 189512 .....	11
6		
7	<i>Nationstar Mortg., LLC v. Truman Capital Advisors</i> , 2013 U.S. Dist. LEXIS 202188 .....	10, 12, 13
8	<i>NBC Studios, LLC v. Dish Network Corp.</i> , 2012 U.S. Dist. LEXIS 186946 .....	13
9		
10	<i>Original Appalachian Artworks, Inc. v. Granada Elecs., Inc.</i> , 816 F.2d 68 (2d Cir. 1987) .....	5, 6
11	<i>Pacesetter Sys., Inc. v. Medtronic, Inc.</i> , 678 F.2d 93(9th Cir. 1982) .....	8
12		
13	<i>SDMS, Inc. v. Rocky Mountain Chocolate Factory, Inc.</i> , No. 08 CV 0833 JM (AJB), 2008 U.S. Dist. LEXIS 90276.....	10
14	<i>Technomarine SA v. Jacob Time, Inc.</i> , 2012 U.S. Dist. LEXIS 90261 (S.D.N.Y. June 22, 2012) .....	7
15		
16	<i>United States v. Corinthian Colleges</i> , 655 F.3d 984 (9th Cir. 2011) .....	1
17	<b>Statutes</b>	
18	CPLR §302 (a)(1) .....	3
18	NYGBL §369-b .....	2
19	<b>Other Authorities</b>	
20	Black's Law Dictionary 726 (9th ed. 2009).....	13
20	6 Wright and Miller §1418 .....	10
21	<b>Rules</b>	
22	Fed. R. Civ. P. 11 .....	13
22	Fed. R. Civ. P. 12(b)(6) .....	10
23	Fed. R. Civ. P. 13(a) .....	10, 11, 12, 13
23	Fed. R. Evid. 201(b)(2).....	1

24  
25  
26  
27  
28

## I. FACTUAL BACKGROUND

Plaintiff, TP-Link USA, Inc. (“TP-Link” or “Plaintiff”) is an indirect subsidiary of the world’s largest manufacturer of Wi-Fi products.<sup>1</sup> Plaintiff has filed certain claims in this action against Defendants, Careful Shopper LLC (“CSC”), Adam J. Starke and Sora Starke (collectively, “Defendants”). As set forth herein at length, the claims asserted by Plaintiff here should not proceed in this District as they are subject to the first-filed doctrine and/or should be asserted as compulsory counterclaims in the previously filed and presently pending New York Action, wherein CSC has asserted affirmative claims against TP-Link which are related to the precise conduct which TP-Link places at issue with its ill-conceived filing in this District. As set forth in the AC in the New York Action,<sup>2</sup> CSC, based in Brooklyn, New York, became a third-party seller on the Amazon Marketplace (“amazon.com”) in 2016. AC at ¶¶ 3-4. CSC bought TP-Link® branded products during December 2016-March 2018 and sold them on its storefront at amazon.com. In fact, CSC acquired and sold--over approximately two years--in the range of 200 TP-Link items out of the roughly 320 million items TP-Link sold worldwide during the period.<sup>3</sup>

---

<sup>1</sup> *Careful Shopper, LLC v. TP-Link USA Corp., et al.*, No. 1:18-cv-03019-RJD-RML (E.D.N.Y. 2018), Amended Complaint, filed June 4, 2018 (“AC”), Dkt. No. 6 at ¶5. A copy of the AC filed in the New York Action is attached as Exhibit 1 to the Declaration of Mark Schlachet (“S. Decl.”) submitted herewith. Defendants request under Fed. R. Evid. 201(b)(2) that the Court judicially notice all cited pleadings and other publicly filed documents: “court may judicially notice a fact that is not subject to reasonable dispute because it . . . can be accurately and readily determined from sources whose accuracy cannot reasonably be questioned.” *United States v. Corinthian Colleges*, 655 F.3d 984, 999 (9th Cir. 2011); *Location Servs., LLC v. Digital Recognition Network, Inc.*, 2018 U.S. Dist. LEXIS 138373 (E.D. CA 2018)

<sup>2</sup> The Affidavit of Adam J. Starke (“S. Aff.”), CSC’s managing member, is submitted concurrently herewith.

<sup>3</sup> <https://www.tp-link.com/gr/press/news/17669/> (The figures are no less impressive when examined in terms of total sales volume, which reached a staggering 161 million (in 2016)— the equivalent of five products sold every second . . . total share of 45.9% for the WLAN market.”)

1 As a manufacturer, it is not in TP-Link's financial best interest that  
 2 "unauthorized" sellers, such as CSC, compete with TP-Link's "authorized"  
 3 distribution channel, both as to Amazon and store purchasing. Although TP-Link  
 4 characterized CSC's commercialization of TP-Link products as trademark  
 5 infringement, Amazon, as a matter of policy,<sup>4</sup> and here, specifically, refused to  
 6 enforce TP-Link's claims of trademark infringement against CSC.<sup>5</sup> This was not  
 7 surprising as, with respect to New York sellers in particular, a special statutory  
 8 provision renders manufacturers' warranty disclaimers null and void. *See* NYGBL  
 9 §349-b. As alleged further in the AC, frustrated that it could not legitimately  
 10 thwart CSC's business efforts, TP-Link decided to lodge false complaints with  
 11 Amazon, accusing CSC and other New York sellers of counterfeiting.

12 TP-Link initially lodged two Reports of Violation ("IP Complaint(s)")  
 13 against CSC on March 31, 2018.<sup>6</sup> Although understanding it was acting lawfully,  
 14 CSC sought to appease TP-Link, writing on April 3, 2018: "we are prepared to  
 15 stop further selling ANY of the said products and others of which you deem that  
 16 we are ineligible to sell."<sup>7</sup> TP-Link not only ignored CSC's overtures, but lodged a  
 17 third IP Complaint on April 9, 2018.<sup>8</sup> TP-Link's three IP Complaints caused  
 18 Amazon to terminate Plaintiff's contractual selling privileges on amazon.com. AC  
 19 at ¶ 7. CSC was destroyed as an Amazon seller, has not sold a TP-Link item since  
 20

---

21  
 22 <sup>4</sup> *See* "We Do Not Enforce" at <https://www.amazon.com/gp/help/reports/infringement>.

23 <sup>5</sup> Exhibit 2 to the S. Decl. is an email wherein Amazon rejects TP-Link's request for enforcement  
 24 action against CSC, finding "no misuse of the reported mark."

25 <sup>6</sup> S. Aff. at Exhibit 1.

26 <sup>7</sup> AC at ¶ 31.

27 <sup>8</sup> S. Aff. at ¶ 2.



1 March 2018 . . . and will not sell a TP-Link item since then.<sup>9</sup> CSC vehemently  
 2 denies having ever sold or listed counterfeit TP-Link goods, and states  
 3 affirmatively (and has documented) that it purchased and resold genuine, and only  
 4 genuine, TP-Link products, sourced from authorized TP-Link resellers.<sup>10</sup> *Id.* at ¶ 6.

5 On May 22, 2018, CSC filed the New York Action, alleging TP-Link’s (i)  
 6 tortious interference with CSC’s existing and prospective business relationship  
 7 with Amazon; and (ii) libel *per se*. TP-Link sought to avoid litigating in the New  
 8 York forum by challenging the New York District Court’s personal jurisdiction.  
 9 TP-Link’s Motion to Dismiss is fully briefed and set to be argued in the New York  
 10 Action on April 5, 2019.

#### 11 **A. Events Just Prior to TP-Link’s Filing of the Instant Complaint**

12 In paragraph 1 of the AC, CSC pled “[s]uch sales [of TP-Link products as  
 13 Plaintiff transacted] are absolutely lawful under the ‘First Sale’ and ‘Fair Use’  
 14 doctrines . . . and expressly permitted by Amazon, so long as the goods sold and  
 15 delivered are authentic and the intellectual properties are not misused.” TP-Link  
 16 did not contest this allegation in the New York Action. Rather, in its pre-motion  
 17 letter to the Hon. Raymond J. Dearie, TP-Link challenged the Court’s general and  
 18 specific personal jurisdiction over TP-Link, raising issues of constitutionality and  
 19 “contacts.” CSC was thereby tasked with the burden, under the United States  
 20 Constitution and New York’s CPLR §302 (a)(1)’s “long arm” statute of  
 21 establishing the Court’s specific personal jurisdiction over Defendant. Plaintiff  
 22 requested limited jurisdictional discovery.  
 23

24 Judge Dearie conducted an initial telephonic status conference on September  
 25 12, 2018, at which time he granted CSC’s request for limited jurisdictional

---

26 <sup>9</sup> *Id.* at ¶12.

27 <sup>10</sup> During discovery in the New York Action Plaintiff provided proof of purchase as to every TP-  
 28 Link product that Plaintiff ever purchased . . . all from authorized resellers of TP-Link products.

1 discovery. The parties encountered discovery difficulties which they could not  
 2 resolve whereupon, on November 11, 2018, CSC submitted a Rule 37 letter-  
 3 Motion to Compel Discovery to the Hon. Magistrate-Judge Robert M. Levy. TP-  
 4 Link responded on November 15, 2018 and the matter was heard by Judge Levy on  
 5 November 30, 2018. Following a several hour hearing, Judge Levy compelled  
 6 discovery to the extent TP-Link did not withdraw of record, and thereby moot,  
 7 discrete jurisdictional issues on both the state-statutory and Constitutional levels.<sup>11</sup>

8       Thereafter, TP-Link filed this matter (the “California Action”) on January  
 9 15, 2019, naming as defendants, in addition to CSC, its managing member, Adam  
 10 J. Starke, and his wife, Sora Starke. Mrs. Starke is a special education tutor and  
 11 has never worked in, for or with CSC in any capacity.<sup>12</sup>

#### 12       **B. The *Factual Basis* of TP-Link’s Instant Complaint, Counts I-VII**

13       Although TP-Link’s largely-boilerplate Complaint in the California Action  
 14 contains seven counts ranging in theory from trademark infringement to unjust  
 15 enrichment, the singular factual basis of all such claims is found in paragraph 28  
 16 (and substantially repeated in paragraphs 42 and 51):

17  
 18       Unauthorized sales of products bearing the TP-LINK® Marks do not  
 19 convey the manufacturer’s original warranty and *as such* are materially  
 20 different than genuine TP-Link products. (emphasis added)

21       Thus, TP-Link *alleges* that it does not extend new product warranty  
 22 coverage to an item purchased outside its authorized sales channel; that such fact  
 23 makes an “unauthorized” item *materially different* from an “authorized” item; and  
 24 that selling “unauthorized” items under the TP-Link mark therefore falsely

---

25  
 26 <sup>11</sup> S. Decl. at ¶ Exhibit 3 (Transcript of Rule 37 Hearing in New York Action). The bulk of the  
 27 issue preclusion dialog is found at pages 12:15 through 14:9.

28 <sup>12</sup> S. Aff. at ¶ 9.

1 conveys various meanings, sponsorship, sourcing, etc. Purportedly, this confuses  
 2 and deceives the public, harms TP-Link's good will, and is unfair to competitors  
 3 under state, federal and common law. According to the Prayer, the California  
 4 Action calls for injunctive relief, compliance monitoring, accounting,  
 5 disgorgement, actual damages exceeding \$500,000, treble damages, punitive  
 6 damages, attorney fees and costs.

7 **C. The Factual Basis of the Instant Complaint is Identical to the Factual**  
 8 **Basis of TP-Link's Defense in the New York Action**

9 Although the New York Action has not progressed beyond threshold motion  
 10 practice, there have been significant interactions with both Judge Dearie and  
 11 Magistrate-Judge Levy. In the New York Action, TP-Link has proffered its  
 12 defense of trademark infringement, *i.e.* lack of new product warranty coverage as  
 13 to products sold by unauthorized resellers:

- 14 • Pre-Motion Letter of August 3, 2018 to Judge Dearie:<sup>13</sup> "TP- Link  
 15 does not extend warranty coverage to products sold by unauthorized  
 16 resellers like Plaintiff, rendering such products materially different  
 17 from those sold by authorized resellers. The sale of materially  
 18 different products constitutes trademark infringement. *See Original*  
 19 *Appalachian Artworks, Inc. v. Granada Elecs., Inc.*, 816 F.2d 68, 72–  
 20 73 (2d Cir. 1987); *Bell Canto Design, Ltd. v. MSS Hifi, Inc.*, 837 F.  
 21 Supp. 2d 208, 225–26 (S.D.N.Y. 2011).
- 22 • Rule 37 Response Letter of November 15, 2018 to Judge Levy:<sup>14</sup>  
 23 "TP-Link does not extend warranty coverage to products sold by  
 24 unauthorized resellers like Plaintiff, rendering such products  
 25 materially different from those sold by authorized resellers. The sale

26  
 27 <sup>13</sup> New York Action, Dkt. No. 15.

28 <sup>14</sup> *Id.* at Dkt. No. 23.

of materially different products constitutes trademark infringement. *See Original Appalachian Artworks, Inc. v. Granada Elecs., Inc.*, 816 F.2d 68, 72–73 (2d Cir. 1987); *Bell Canto Design, Ltd. v. MSS Hifi, Inc.*, 837 F. Supp. 2d 208, 225–26 (S.D.N.Y. 2011).

- Amended Memorandum of Points and Authorities in Support of Motion to Dismiss, filed February 27, 2019 (well after the instant filing):<sup>15</sup> “Specifically, TP-Link does not extend warranty coverage to products sold by unauthorized resellers, rendering such products materially different from those sold by authorized resellers. The sale of materially different products constitutes trademark infringement. *See Original Appalachian Artworks, Inc. v. Granada Elecs., Inc.*, 816 F.2d 68, 71-73 (2d Cir. 1987); *Bell Canto Design, Ltd. v. MSS Hifi, Inc.*, 837 F. Supp. 2d 208, 225-26 (S.D.N.Y. 2011).

**D. TP-Link’s Claims Here and Its Defense in the New York Action Must Overcome Contrary New York Law and Second Circuit Precedent**

The factual basis of TP-Link’s Complaint here (and its defense in the New York Action) appears unable to survive a unique New York statutory provision which renders a manufacturer’s disclaimer of new warranty coverage as to goods purchased from “unauthorized” dealers contrary to New York state law, unenforceable and void; and this applies to all New York purchases, including those online, regardless of the consumer’s state of residence. Section 369-b of the New York General Business Law provides as follows:

A warranty or guarantee of merchandise may not be limited by a manufacturer doing business in this state *solely* for the reason that such merchandise is sold by a particular dealer or dealers, or that the dealer

---

<sup>15</sup> *Id.* at Dkt. No. 34.

1 who sold the merchandise at retail has, since the date of sale, either  
 2 gone out of business or no longer sells such merchandise. Any attempt  
 3 to limit the manufacturer's warranty or guarantee for the aforesaid  
 reason is void.

4 As to Section 369-b's extraterritorial application:<sup>16</sup>

5 Although no case brought to the Court's attention addresses the issue,  
 6 the principles that govern the extraterritorial effect of New York  
 7 consumer protection laws provide sufficient indication of how the New  
 8 York Court of Appeals would rule if faced with the issue. Applying  
 9 those principles, I conclude that all of Defendants' customers, wherever  
 10 located, are entitled to the protection of *GBL 369-b*, because the  
 transaction in which they purchased their goods was a 'New York  
 transaction.'

11 *Bel Canto Design, Ltd. v. MSS HiFi, Inc.*, 837 F. Supp. 2d 208 \*227; 2011 U.S.  
 12 Dist. LEXIS 146701, \*\*45; *see also Technomarine SA v. Jacob Time, Inc.*, 2012  
 13 U.S. Dist. LEXIS 90261, at \*9 n.2 (S.D.N.Y. June 22, 2012) ("... Jacob Time's  
 14 customers would not have received lesser warranty protections - and, in turn, lesser  
 15 quality watches - on account of Jacob Time being an allegedly unauthorized  
 16 retailer.")

17 Thus, both the New York and California Actions find critical mass in the  
 18 legality of CSC's advertising and sale of TP-Link products and whether such  
 19 activities were wrongful vis-à-vis TP-Link's intellectual property. Therefore, this  
 20 California Action, which was filed *after* the New York Action, should be  
 21 dismissed or, alternatively transferred or stayed.

## 22 **II. ARGUMENT**

### 23 **A. This Case Should be Dismissed or, in the Alternative, Transferred**

24  
 25 <sup>16</sup>"Lower courts applying this standard have held that 'a telemarketing site and *even the receipt*  
 26 *of Internet orders physically within New York State* appear to form a New York locus for a  
 27 transaction covered by the New York State consumer protection statutes.' *Id.* at 177 (citing  
 cases) (emphasis added); *Leider v. Ralfe*, 387 F.Supp.2d 283, 294 (S.D.N.Y. 2005) (Baer, J.)  
 (same)." *Bel Canto Design, Ltd. v. MSS HiFi, Inc.*, 837 F. Supp. 2d 208, 228 (S.D.N.Y. 2011)

1 **or Stayed Under the First-to-File Rule.**

2 **1. Applicable Test**

3 “[W]hen two identical actions are filed in courts of concurrent jurisdiction,  
4 the court which first acquired jurisdiction should try the lawsuit and no purpose  
5 would be served by proceeding with a second action.” *Pacesetter Sys., Inc. v.*  
6 *Medtronic, Inc.*, 678 F.2d 93, 95 (9th Cir. 1982); *see also Barnes & Noble, Inc. v.*  
7 *LSI Corp.*, 823 F. Supp. 2d 980, 986 (N.D. Cal. 2011) (“When two actions  
8 involving nearly identical parties and closely related [ ] questions are filed in  
9 separate districts . . . the general rule is that the case first filed takes priority, and  
10 the subsequently filed suit should be dismissed or transferred or stayed.” Under  
11 this rule, known as the “first to file” rule, “when cases involving the same parties  
12 and issues have been filed in two different districts, the second district court has  
13 the discretion to transfer, stay, or dismiss the second case.” *Cedars-Sinai Med. Ctr.*  
14 *v. Shalala*, 125 F.3d 765, 769 (9th Cir. 1997).

15 Courts analyze three factors in determining whether to apply the first-to-file  
16 rule: (1) chronology of the actions; (2) similarity of the parties; and (3) similarity  
17 of the issues. *Dewan v. M-I, L.L.C.*, 2015 WL 3797462, at \*4 (E.D. Cal. 2015).  
18 “[C]ourts in nearly every circuit have held that the court in which the second action  
19 was filed should defer to the courts in the first-filed action.” *Id.* at \*4 n. 3.

20 **2. Application of the Applicable Test**

21 All three factors of the first-to-file rule are met in this case. First, the New  
22 York Action was filed prior to the California Action. The New York Action was  
23 filed on May 22, 2018, some seven months prior to the instant filing on January 15,  
24 2019.

25 Second, the parties in the New York Action and this action are substantially  
26 similar. “[Courts have] held that the first-to-file rule does not require strict identity  
27 of the parties, but rather substantial similarity.” *Adoma v. Univ. of Phoenix, Inc.*,

1 711 F. Supp. 2d 1142, 1147 (E.D. Cal.) “The rule is satisfied if some [of] the  
2 parties in one matter are also in the other matter, regardless of whether there are  
3 additional unmatched parties in one or both matters.” *Intersearch Worldwide, Ltd.*  
4 *v. Intersearch Grp., Inc.*, 544 F. Supp. 2d 949, 959 n. 6 (N.D. Cal. 2008).

5 CSC and TP-Link are the principal parties in both actions. While TP-Link  
6 joined Mr. and Mrs. Starke in the instant case, the relief sought/defense advanced  
7 depend primarily upon the legality of CSC’s advertising and sale of TP-Link  
8 products. This similarity in parties is enough to satisfy the second prong of the  
9 first-to-file rule.

10 Third, the factual issues in the New York Action and the California Action  
11 are substantially similar because they both arise out of CSC’s advertising and sale  
12 of TP-Link products. The issues in both cases need not be identical, only  
13 substantially similar. *Adoma*, 711 F. Supp. 2d at 1147. To determine whether two  
14 suits contain substantially similar issues, the court looks at whether there is  
15 “substantial overlap” between the two suits. *Kohn Law Grp., Inc. v. Auto Parts*  
16 *Mfg. Miss., Inc.*, 787 F.3d 1237, 1241 (9th Cir. 2015).

17 The central issue in the California Action is whether CSC violated TP Link’s  
18 intellectual property rights, and that issue is fundamental to TP-Link’s defense in  
19 the New York Action as well. The focus of the instant complaint is the alleged  
20 lack of warranty coverage on products sold by unauthorized resellers. That focus  
21 has been repeatedly advanced in the New York Action. It is irrelevant that this  
22 case joins CSC’s privies as defendants or that TP-Link in this case has asserted  
23 additional legal causes of action. There will be substantial overlap in the facts,  
24 witnesses, discovery, and arguments.

25 Because the New York Action was filed before this action and both actions  
26 involve the same or substantially similar issues and parties, this case should be (i)  
27 dismissed or, in the alternative, (ii) transferred to the court in which the New York  
28



1 Action is pending, or (iii) stayed pending disposition in the first-filed action.  
 2 *Nationstar Mortg., LLC v. Truman Capital Advisors*, 2013 U.S. Dist. LEXIS  
 3 202188, at \*5 (C.D. Cal. 2013).

4  
 5 **B. This Case Should be Dismissed or, in the Alternative,**  
 6 **Transferred or Stayed Under Rule 13(a) of the Federal Rules of**  
 7 **Civil Procedure.<sup>17</sup>**

8 **1. Applicable Test**

9 The Second Circuit applies Civil Rule 13(a) with a so-called Logical  
 10 Connection Test. *Critical-Vac Filtration Corp. v. Minuteman Intern., Inc.*, 233  
 11 F.3d 697 (2000); *AT & T Corp. v. American Cash Card Corp.*, 184 F.R.D. 515  
 (1999). The Ninth Circuit test is the same:

12 A party who fails to plead a compulsory counterclaim in a prior action,  
 13 as required under Federal Rule of Civil Procedure 13(a), is precluded  
 14 from raising that claim in a later action . . . .

15 A counterclaim is compulsory where it: (1) ‘arises out of the transaction  
 16 or occurrence that is the subject matter of the opposing party's claim’;  
 and (2) exists at the time the counterclaimant serves its pleading . . .

17 The Ninth Circuit’s ‘logical relationship test’ holds that a claim arises  
 18 from the same transaction, and thus is compulsory, where it ‘arises from  
 19 the same aggregate set of operative facts’ as the opponent's  
 pleadings. *See In re Pinkstaff*, 974 F.2d 113, 115 (9th Cir. 1992).

20  
 21 <sup>17</sup> “A court may dismiss a claim under Rule 12(b)(6) if the claim is barred by Federal Rule of  
 22 Civil Procedure 13. *See SDMS, Inc. v. Rocky Mountain Chocolate Factory, Inc.*, No. 08 CV  
 23 0833 JM (AJB), 2008 U.S. Dist. LEXIS 90276, 2008 WL 4838557, at \*2 (S.D. Cal.  
 24 2008) [\*8] (citing *Baker v. Gold Seal Liquors*, 417 U.S. 467, 469 n.1, 94 S. Ct. 2504, 41 L. Ed.  
 25 2d 243 (1974)); *see also Avante Int'l Tech., Inc. v. Hart Intercivic, Inc.*, 2009 U.S. Dist. LEXIS  
 26 79738, 2009 WL 2431993, at \*5 (S.D. Ill. July 31, 2009). Once a Court determines “that an  
 action on its docket involves a claim that should be a compulsory counterclaim in another  
 27 pending federal suit, it will stay its own proceedings or will dismiss the claim with leave to plead  
 28 it in the prior action.” 6 Wright & Miller § 1418; *see also Mitchell v. CB Richard Ellis Long*  
*Term Disability Plan*, 611 F.3d 1192, 1201 (9th Cir. 2010); *Genentech v. Eli Lilly and Co.*, 998  
 F.2d 931, 937 (Fed. Cir. 1993).”



1 *MGA Entm't, Inc. v. Mattel, Inc.*, 2012 U.S. Dist. LEXIS 22055, at \*40 (C.D. Cal. 2012).

## 2 **2. Application of the Applicable Test**

3 Applying the cited authorities to this matter, TP-Link is precluded from  
4 raising its trademark infringement claims and their offshoots in this Court. For the  
5 same reasons as discussed above, the issues in the New York Action and this  
6 action are substantially similar because they both arise out of the same facts and  
7 circumstances. It is precisely CSC's advertising and selling of TP-Link products  
8 that undergirds both TP-Link's instant California Action and its defense in the  
9 New York Action. As shown above, TP-Link's defense in New York; *i.e.*, that  
10 "unauthorized" sales did not carry a new product warranty and were, therefore,  
11 materially different than "authorized" sales, is the central pillar of TP-Link's  
12 affirmative position here. It is unquestionably the case that TP-Link's trademark  
13 infringement claims bear a logical relationship to the New York Action.  
14

15 The fact that TP-Link has alleged multiple claims under federal, state and  
16 common law is of no moment. The question is whether "the facts necessary to  
17 prove the two claims substantially overlap." *Mophie, Inc. v. ABM Wireless, Inc.*,  
18 2015 U.S. Dist. LEXIS 189512, at \*4-5 (C.D. Cal. 2015) "What matters [in this  
19 inquiry] is not the legal theory but the *facts*." *Id.* at \*8. So long, as here, there is  
20 an aggregate core of operative facts in common, the requisite logical relationship  
21 will be found and Rule 13(a) policies triggered. *In re Lazar*, 237 F.3d 967, 979  
22 (9th Cir. 2001) (quoting *In re Pinkstaff*, 974 F.2d at 115).

## 23 **3. TP-Link's Claims All Arose Prior to Commencement of this** 24 **Action**

25 Inadvertently, Defendants assume, TP-Link misleads in ¶27 of the  
26 Complaint when it states: "[u]pon information and belief since at least 2016,  
27 Defendants have been marketing and selling, *and continues to market and sell*,  
28 networking products bearing the infringing TP-LINK® Marks, including such

1 products on Amazon.” (emphasis added.) This is simply untrue.

2 AC ¶36 alleges and documents CSC’s permanent expulsion from Amazon  
3 effective May 1, 2018, more than seven months prior to commencement of the  
4 California Action. On June 25, 2018 TP-Link’s senior trial counsel (i) requested  
5 that Plaintiff provide proof that the cause of CSC’s expulsion from Amazon was  
6 indeed TP-Link’s IP Complaints, and (ii) inquired as to Mr. Starke’s post-Amazon  
7 means of making a living, *i.e.*, whether he might be selling on Amazon under a  
8 new identity. CSC counsel responded: “Plaintiff’s principal has now charted a new  
9 direction for his survival and that of his family.”<sup>18</sup> Accordingly, any allegations  
10 that TP-Link has about continuing sales by CSC of TP-Link products are, in  
11 addition to being frivolous, too conclusory to accept as well-pled allegations. *MGA*  
12 *Entm’t, Inc. v. Mattel, Inc.*, 2012 U.S. Dist. LEXIS 22055, at \*29 (C.D. Cal. 2012)  
13 (“MGA’s allegation that antitrust violations ‘continue’ or are ‘uninterrupted’ is too  
14 conclusory to state a claim.”).

15 **4. Forum Shopping is Contrary to Good Policy and Should**  
16 **Weigh Heavily**

17 This Court has elsewhere expressed aversion to reactive, forum-shopped  
18 litigation, stating that “forum shopping—strongly weighs against exercising  
19 jurisdiction:”

20 Forum shopping refers to ‘[t]he practice of choosing the most favorable  
21 jurisdiction or court in which a claim might be heard.’ *R.R. Street*, 656  
22 *F.3d at 981* (quoting Black’s Law Dictionary 726 (9th ed. 2009)). ‘To  
23 avoid forum shopping, courts may consider ‘the vexatious or reactive  
nature of either the federal or the state litigation.’ *Id.*

24 *Nationstar Mortg., LLC v. Truman Capital Advisors*, 2013 U.S. Dist. LEXIS  
25 202188, at \*7 (C.D. Cal. 2013). This matter is transparently “vexatious and  
26 reactive,” as discussed above. Not only did TP-Link desperately seek to extricate

---

27 <sup>18</sup> S. Decl. at ¶4.  
28

1 itself from the Eastern District of New York but, following a few disappointing  
2 court appearances, it elected to file this reactive litigation.

3 *Nationstar, supra*, presented an issue of federal-state forum shopping while  
4 this case presents federal-federal forum shopping. State-federal forum shopping  
5 presents special issues. In cases involving two federal districts, however, forum  
6 shopping is also viewed with disfavor, as discussed in *Alltrade, Inc. v. Uniweld*  
7 *Prods.*, 946 F.2d 622 (9th Cir. 1991). Where both actions are Federal, “Rule 13(a)  
8 operates in tandem with the so-called first-to-file rule.” *NBC Studios, LLC v. Dish*  
9 *Network Corp.*, 2012 U.S. Dist. LEXIS 186946, at \*8 (C.D. Cal. 2012).

10 Accordingly, Defendants do not so much advance forum shopping as an  
11 independent ground for dismissal/transfer/stay; rather, they submit that it is a factor  
12 to be considered in tandem with the first-to-file doctrine and the Rule 13(a)  
13 analysis. *Id.*

### 14 **III. CONCLUSION**

15 Pursuant to the Court’s broad discretion to implement the Federal Rules of Civil  
16 Procedure, Defendants respectfully urge that the Court decline to exercise  
17 jurisdiction of this case and that the Complaint be dismissed or, alternatively,  
18 transferred or stayed.  
19

20  
21 Dated: April 3, 2019

SHEPHERD, FINKELMAN, MILLER  
& SHAH LLP

22  
23 By: /s/ James C. Shah

24 James C. Shah (SBN 260435)

25 35 E State Street

26 Media, PA 19063

27 Phone: (610) 891-9880

28 Fax: (866) 300-7367

[jshah@sfmslaw.com](mailto:jshah@sfmslaw.com)

LAW OFFICE OF MARK  
SCHLACHET

Mark Schlachet (*admitted pro hac vice*)  
3515 Severn Road  
Cleveland, Ohio 44118  
Telephone: (216) 225-7559  
Facsimile: (216) 932-5390  
[markschlachet@me.com](mailto:markschlachet@me.com)

*Attorneys for Defendant Careful  
Shopper, LLC, Adam Starke and Sora  
Starke*